



Department of Justice

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FORMER BAYER AG EXECUTIVE AGREES TO PLEAD GUILTY IN INTERNATIONAL RUBBER CHEMICALS PRICE-FIXING CONSPIRACY

Former Executive Faces Jail Time in U.S.

WASHINGTON, D.C. -- A former executive of Bayer AG, the German chemicals and pharmaceutical giant based in Leverkusen, Germany, has agreed to plead guilty, serve time in prison and pay a criminal fine for his role in an international conspiracy to fix prices in the rubber chemicals market, the Department of Justice announced today.

In a felony case filed in the U.S. District Court in San Francisco, Wolfgang Koch was charged with fixing the prices of certain rubber chemicals sold in the United States and elsewhere from January 1999 until December 2001. Koch, a German national, was product manager of rubber chemicals at Bayer during the time he participated in the conspiracy. Under the plea agreement, which must be approved by the court, Koch has agreed to serve a four-month prison term, pay a \$50,000 fine, and assist the government in its ongoing rubber chemicals investigation.

Thus far, more than \$100 million in criminal fines have resulted from the Antitrust Division's ongoing investigation into the rubber chemicals market.

Rubber chemicals are a group of additives used to improve the elasticity, strength, and durability of rubber products, such as tires, outdoor furniture, hoses, belts, and footwear. Approximately \$1 billion of rubber chemicals are sold annually in the United States.

“Individuals who participate in illegal price-fixing conspiracies affecting products sold in the U.S. will be prosecuted regardless of nationality,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division. “These conspiracies harm millions of American consumers.”

The former Bayer executive was charged with carrying out the conspiracy with his co-conspirators by:

- Participating in meetings and conversations to discuss prices of certain rubber chemicals to be sold in the United States and elsewhere;
- Agreeing, during those conversations and meetings, to raise and maintain prices of certain rubber chemicals to be sold in the United States and elsewhere;
- Participating in conversations and attending meetings concerning implementation of and adherence to the agreements reached;
- Issuing price announcements and price quotations in accordance with the agreements reached; and
- Exchanging information on the sale of certain rubber chemicals in the United States and elsewhere.

“This is another case in a string of cases arising from the investigation of illegal agreements between competitors in the rubber chemicals industries,” said Scott Hammond, the Antitrust Division’s Deputy Assistant Attorney General for Criminal Enforcement. “Koch’s cooperation will assist the Division in its ongoing investigation.”

Prior to today’s case, Bayer AG and Crompton Corporation pleaded guilty to participating in the conspiracy and paid fines of \$66 million and \$50 million, respectively. In addition, Joseph B. Eisenberg and James J. Conway, both former Crompton executives, and Martin Petersen, a former Bayer executive, have all pleaded guilty to participating in the conspiracy and now await sentencing.

Koch was charged with violating Section 1 of the Sherman Act, which carries a maximum penalty for violations occurring prior to June 22, 2004 of three years imprisonment and a \$350,000 fine for individuals. The maximum fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The charge and plea agreement announced today stem from an investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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